

NOMINATION AND REMUNERATION POLICY

NOMINATION POLICY OF AARTI DRUGS LIMITED

This Policy on Director's Nominations (the "Policy") describes the process by which candidates for possible inclusion in the Company (the "Candidates") are selected. The Policy is established and administered by the Nomination and Remuneration Committee (the "Committee") of AARTI DRUGS LIMITED (the "Company").

1) BOARD MEMBERSHIP CRITERIA:

The Committee's charter provides that the Committee is responsible for, among other things, identifying individuals qualified to become members of the Company's Board of Directors (the "Board") and selecting or recommending to the Board, the nominees to stand for election as Directors.

A. GENERAL QUALIFICATIONS:

When evaluating a person for nomination for election to the Board or at senior management level, the qualifications and skills considered by the Committee, will include, but are not limited to:

- whether the person is qualified under applicable laws and regulations to serve as a Director of the Company;
- whether or not the person is willing to serve as a Director or at senior management level and willing to commit the time necessary for the performance of the duties of a Director;
- the contribution that the person can make to the Board or at senior management, with consideration being given to the person's business experience, education and such other factors as the Board may consider relevant;
- whether a candidate contributes to the Board's overall diversity with diversity being broadly construed to mean a variety of personal and professional experiences and education;
- opinions, perspectives and backgrounds;
- the character and integrity of the person;
- the extent to which the person demonstrates a long-term and strategic perspective and
- the extent to which the person possesses pertinent technological, political, business, financial or social/cultural expertise and experience.

The Committee is of the view that the continuing service of qualified incumbents promotes stability and continuity in the board room or at senior management level, contributing to the Board's ability to work as a collective body, while giving the Company the benefit of the familiarity and insight into the Company's affairs that its Directors have accumulated during their tenure. Accordingly, the process of the Committee for identifying nominees shall reflect the Company's practice of re-nominating incumbent Directors or persons at senior level management who continue to satisfy the Committee's criteria for membership on the Board or at senior management level, whom the Committee believes continue to make important contributions to the Board and who consent to continue their service on the Board.

B. SOURCES OF INQUIRY:

The Committee may use multiple sources for identifying Director candidates, including its own contacts and referrals from other Directors, members of management, the Company's advisors and executive search firms.

In making recommendations for Director Nominees for the annual meeting of shareholders the Committee will consider any written recommendations of Director candidates by shareholders received by the Secretary of the Company. No person nominated by a shareholder will be eligible to serve as a Director of the Company unless nominated in accordance with the procedures set forth in such Nomination policy.

This Nomination Policy is intended to provide a flexible set of guidelines for the effective functioning of the Company's nomination process. The Board of Directors anticipates that modifications may be necessary or appropriate from time to time as the Company's needs and circumstances evolve and as applicable legal or listing standards change.

2) EVALUATION CRITERIA:

The Committee shall evaluate the performance of the Directors on the basis of the following criteria:

- Accomplishment of the organization's mission, objectives and strategic results for which the Director is responsible;
- Adherence to operational policies approved by the Board;
- Insuring that the Board is well informed on issues affecting the continuing relevance of the mission and the performance and reputation of the Society.

Evidence of Performance:

The Board and Director will agree in advance on how information on the above criteria will be collected and provided. The means of gathering this information or demonstrating accomplishment will include:

1) Reports from the Director on progress towards the mission and objectives of the organization and current strategic goals.

The Executive Director's regular reports to the Board will be included.

The Board and Executive Director will agree in advance on the specific performance indicators, which will include:

- Changes in the community to which the organization has contributed;
- Improvements in lives of clients or consumers;
- Improvements in shareholders Net-worth;
- Internal organizational improvements (e.g. increased capacity, Financial Results etc.).

2) Monitoring reports from the Director on the implementation of and adherence to operational policies.

- These reports will be formally requested by the Board.
- The board will select two or three specific policies it is interested in examining in each evaluation period.

3) Independent verification and other data gathered by the Committee in relation to the implementation of operational policies.

- The Committee may want to interview selected clients, staff, key stakeholders, funders and suppliers and inspect specific records.
- Regular client or customer feedback mechanisms (e.g. satisfaction surveys) are valuable as management and governance tools, as well as being employed in the evaluation of the Executive Director.

REMUNERATION POLICY OF AARTI DRUGS LIMITED

BACKGROUND:

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that Shareholders remain informed and

confident in the management of the Company. The Company also understands the importance of attracting and maintaining high quality individuals from Directors right through to support Staff.

OBJECTIVE:

The objectives of this policy are:

- (a) to create a transparent system of determining the appropriate level of remuneration throughout all levels of the Company;
- (b) encourage people to perform to their highest level;
- (c) allow the Company to compete in each relevant employment market;
- (d) provide consistency in remuneration throughout the Company and
- (e) align the performance of the business with the performance of key individuals and teams within the Company.

The policy details the types of remuneration to be offered by the Company and factors to be considered by the Board, Nomination & Remuneration Committee and management in determining the appropriate remuneration strategy.

CONTRACT:

- (i) Non-Executive Directors will enter into a letter of engagement. This letter of engagement will set out the terms and conditions of the engagement and the performance expectations for the role and the remuneration package for that Director. The Terms and Conditions for the engagement must be approved by the Board.
- (ii) Each Executive Director, executive and senior management employee will enter into a contract with the Company clearly setting out the terms and conditions of the remuneration package for that person. The contract will set out the expectations for the performance of the role and the key performance indicators, measures and criteria for assessment.

The Nomination & Remuneration Committee and the Board must approve all contracts for senior management and Directors. The Board will disclose the details of any contract in accordance with the law and the Communications & Continuous Disclosure Policy.

FORMS OF REMUNERATION:

The remuneration of employees largely consists of basic salary, perquisites, bonus and performance incentives. The main objective of the remuneration policy is to motivate each and every employee and to stimulate excellence in their performance, recognize merits / achievements in order to retain the talent in the Company and to promote the feeling of belongingness.

With the assistance of the Board, Nomination & Remuneration Committee will approve the forms of remuneration to be offered to Executive Directors, Executives, Senior Management and other employees (Employees), which may include:

FIXED REMUNERATION:

The Nomination & Remuneration Committee and the Human Resources Manager in consultation with the Board will from time to time determine the fixed remuneration level for each Employee within the Company. Such remuneration levels will be determined according to industry standards, relevant laws and regulations, labour market conditions and scale of Company's business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company. Employees may be offered the opportunity to receive part of their fixed remuneration in the form of direct benefits.

PERFORMANCE BASED REMUNERATION:

In addition to fixed remuneration the Company will implement a system of bonuses and incentives designed to create a strong relationship between performance and remuneration. Performance based remuneration will be linked to specific performance targets which will be disclosed to relevant employees regularly.

EQUITY BASED REMUNERATION:

To motivate executives and management to pursue the long term growth and success of the Company will include various plans and initiatives to deliver parts of the performance based remuneration as equity in the Company. The terms and conditions of any employee share plans will be approved by the Nomination & Remuneration Committee and the Board and disclosed to the shareholders and market in accordance with the continuous disclosure policy.

TERMINATION PAYMENTS:

Each contract (excluding non-executive Directors) will set out in advance the entitlement to payment upon termination of employment for each Employee. The Nomination & Remuneration Committee and the Board must approve all termination payments provided to all Employees at the level of Director, executive or senior management to ensure such payments reflect the Company's remuneration policy.

EMPLOYEE ENTITLEMENTS:

The Company will comply with all legal and industrial obligations in determining the appropriate entitlement to long service, annual, personal and parental leave.

NON-EXECUTIVE DIRECTORS:

The Company will remunerate Non-Executive Directors in a manner designed to attract and maintain high quality Board members. Non-Executive Directors will receive a set fee (including superannuation) for their service and may be issued securities in the Company, provided that Non-Executive Directors are not entitled to any performance-based options, bonus payments or retirement benefits. The remuneration of Non-Executive Directors must be consistent with and supportive of maintaining the Non-Executive Director's Independence.